

Message Text

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ACTION H-03

INFO OCT-01 EUR-08 EA-06 IO-03 ISO-00 A-01 SS-07 NSC-06

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R 120052Z JAN 76

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 7236

INFO AMEMBASSY WELLINGTON

USMISSION GENEVA

USDEL MTN GENEVA UNN

USMISSION OECD PARIS

AMCONSUL SYDNEY

AMCONSUL MELBOURNE

C O N F I D E N T I A L CANBERRA 0199

E.O. 11652: GDS

TAGS: ETRD, EINV, AS

SUBJECT: FOREIGN INVESTMENT

IN COURSE WIDE-RANGING CONVERSATION WITH CODEL
HOLLINGS/GRIFFIN, PRIME MINISTER FRASER SAID THAT
AUSTRALIA WISHED TO MAINTAIN AND STRENGTHEN ITS
CLOSE SECURITY, ECONOMIC, CULTURAL AND OTHER TIES
WITH THE U.S. AND THAT, WHILE AUSTRALIA HAD
REGIONAL INTERESTS, HIS GOVERNMENT WOULD NOT WISH
TO PROMOTE NEW RELATIONSHIPS IF TO DO SO WOULD BE
AT THE EXPENSE OF THESE BASIC RELATIONSHIPS.
FOR EXAMPLE, HE SAID HIS GOVERNMENT REALIZES THAT
FOREIGN INVESTMENT QUESTIONS CREATED SOME
FRICTION IN THE U.S.-AUSTRALIAN BILATERAL RELATION-
SHIP. HIS PARTY IN ITS POLICY MANIFESTO ON
FOREIGN INVESTMENT HAD ALSO ADOPTED THE OBJECTIVE
OF 50 PERCENT AUSTRALIAN EQUITY IN MAJOR DEVELOPMENT
PROJECTS. HOWEVER, HE WANTED IT KNOWN THAT HIS
GOVERNMENT REALIZES IT WOULDNOT ALWAYS BE POSSIBLE
TO ARRANGE 50 PERCENT AUSTRALIAN EQUITY. THIS
WAS A GUIDELINE IN HIS JUDGMENT, NOT A PREREQUISITE
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TO FOREIGN INVESTMENT. HIS GOVERNMENT ALSO REALIZED

THAT IT WAS MOST IMPORTANT TO HAVE FOREIGN INVESTMENT
TO DEVELOP AUSTRALIAN RESOURCES. HE ALSO MADE
THE POINT THAT THE IMPACT OF THE ANTI FOREIGN-OWNED
AGREEMENT COULD OFTEN BE LESSENERED IF AUSTRALIANS
SERVE ON THE BOARD OF DIRECTORS OF DOMESTIC
SUBSIDIARIES OF AMERICAN-OWNED FIRMS OR WERE THE
CHIEF EXECUTIVE OFFICERS. HE CITED GENERAL MOTORS
AS A COMPANY WHICH MIGHT PROJECT A BETTER IMAGE
IF ITS CHIEF EXECUTIVE WERE AN AUSTRALIAN RATHER
THAN ALWAYS AN AMERICAN.
PERCIVAL

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To: STATE
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